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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 -----x

4 UNITED STATES OF AMERICA,

5 v.

19-cr-725-3 (JPO)

6 DAVID CORREIA,

7 Defendant.

Plea

8 -----x
9 New York, N.Y.
10 (via telephone)

11 October 29, 2020
12 10:45 a.m.

13 Before:

14 HON. J. PAUL OETKEN

15 District Judge

16 APPEARANCES

17 AUDREY STRAUSS
18 Acting United States Attorney for the
19 Southern District of New York
20 BY: DOUGLAS ZOLKIND
21 NICOLAS LANDSMAN ROOS
22 REBEKAH DONALESKI

23 GOODWIN PROCTER, LLP
24 Attorneys for Defendant
25 BY: WILLIAM J. HARRINGTON

Also Present: Stephanie McMahon
U.S. Probation Officer

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1 (Via telephone)

2 (Case called)

3 THE CLERK: Starting with the government, counsel,
4 please state your name for the record.5 MR. ZOLKIND: Good morning, your Honor. For the
6 government, your Honor, this is Douglas Zolkind, joining by
7 video. And joining by phone are my colleagues Rebecca
8 Donaleski and Nicolas Roos.

9 THE COURT: Good morning.

10 MR. HARRINGTON: Good morning, your Honor. Bill
11 Harrington, counsel for Mr. Correia. Mr. Correia is also
12 appearing virtually. He prefers to go ahead with this
13 proceeding virtually rather than in person, given the current
14 pandemic.

15 THE COURT: OK. Thank you.

16 Is there anyone else who wanted to identify themselves
17 for the call?18 I believe the AT&T line is working, and I'm going to
19 ask my law clerk to send me a message by text to confirm that
20 it is.

21 OK. It sounds like it is.

22 Good morning, everyone. I understand that defendant
23 is prepared to change his plea to a plea of guilty to Counts
24 Two and Seven pursuant to a plea agreement with the government.
25 Is that correct, Mr. Harrington?

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1 MR. HARRINGTON: It is, your Honor.

2 THE COURT: All right. Before we begin the change of
3 plea hearing, I believe we need to do two things, first of all,
4 address the remote nature of the proceeding and ensure that the
5 defendant waives his right to have this take place in person,
6 and, second, conduct the arraignment on the superseding
7 indictment, which was returned and filed on September 17, 2020.
8 Is that all the housekeeping preliminary matters we need to
9 deal with?

10 MR. ZOLKIND: I believe so, your Honor.

11 THE COURT: Mr. Harrington, you agree?

12 MR. HARRINGTON: Yes, your Honor.

13 THE COURT: All right. We're conducting this
14 proceeding by videoconference, and doing so is authorized by
15 the CARES Act, in light of the COVID-19 pandemic and by Chief
16 Judge McMahon's standing order and her finding that plea
17 proceedings cannot be conducted in person without jeopardizing
18 public health as long as the defendant consents.

19 Mr. Harrington, you said you discussed the subject of
20 proceeding by video with Mr. Correia; is that right?

21 MR. HARRINGTON: I have as to the plea, your Honor,
22 yes.

23 THE COURT: OK. And, Mr. Correia, am I saying it
24 right, is Mr. "kor-RAY-ya" or "Korea"?

25 THE DEFENDANT: Yes, that's fine, Judge. Either one

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1 is fine.

2 THE COURT: OK. But how do you prefer it?

3 THE DEFENDANT: "Korea" generally, but "kor-RAY-ya" is
4 proper.5 THE COURT: You have the right to have this proceeding
6 take place in person. This is the kind of proceeding,
7 obviously, that would normally take place in person at the
8 courthouse. However, under the circumstances, you do have the
9 right to waive the in-person proceeding and have it take place
10 by video. Have you talked to your lawyer about that and do you
11 consent to doing it by video?

12 THE DEFENDANT: I have, your Honor, and I do.

13 THE COURT: All right. I find the defendant has
14 consulted with counsel and has voluntarily and knowingly waived
15 his right to an in-person proceeding for purposes of this
16 change of plea hearing, and that he consents to
17 videoconference.18 I also must make a finding as to whether this
19 proceeding can or cannot be further delayed without serious
20 harm to the interest of justice, and I would just like to ask
21 the lawyers if you would like to address that briefly.22 Mr. Zolkind, do you have anything to say about that, or
23 Mr. Harrington?24 MR. ZOLKIND: Your Honor, we would certainly submit
25 that the proceeding cannot be further delayed without serious

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1 harm to the interest of justice, given the defendant's interest
2 in resolving this case, the government's interest in resolving
3 the matter as to him, the fact that there are other defendants
4 pending in the case, and that it would serve their interests
5 and the interests of justice to allow the case to move forward
6 efficiently.

7 THE COURT: OK. Mr. Harrington, anything to add on
8 the point?

9 MR. HARRINGTON: No. I agree with Mr. Zolkind's
10 representation.

11 THE COURT: OK. I agree as well. And I find that,
12 for those reasons, the proceeding cannot be further delayed
13 without serious harm to the interest of justice, and therefore
14 proceeding by videoconference today is authorized for this
15 hearing.

16 As I mentioned, a superseding indictment was returned
17 by the grand jury in September of this year, and that
18 superseding indictment modified, or reflects certain
19 modifications to certain allegations and charges in the
20 original indictment that was filed, and adds certain additional
21 charges.

22 Mr. Harrington, does your client waive public reading
23 of the superseding indictment for purposes of this arraignment?

24 MR. HARRINGTON: He does, your Honor.

25 THE COURT: And Mr. Correia, have you had a sufficient

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1 opportunity to fully review the superseding indictment?

2 THE DEFENDANT: Yes, your Honor, I have.

3 THE COURT: And have you discussed it with your
4 lawyer?

5 THE DEFENDANT: Extensively, yes. Yes, sir.

6 THE COURT: And do you understand the charges against
7 you?

8 THE DEFENDANT: I do.

9 THE COURT: And I have been informed -- normally at
10 this point in an arraignment I would take your plea, which
11 would ordinarily be a not guilty plea, but I have been informed
12 that you wish to plead guilty to Counts Two and Seven of the
13 superseding indictment pursuant to a plea agreement. Is that
14 correct?

15 THE DEFENDANT: That is correct, your Honor.

16 THE COURT: All right. Before accepting your guilty
17 plea, I'm going to ask you certain questions. It may seem like
18 a lot of questions, but the reason I ask these questions is to
19 establish that you're pleading guilty because you are guilty of
20 these particular charges and not for some other reason, not
21 because of any inappropriate pressure or anything else. So if
22 at any point you don't understand my questions or you'd like to
23 take a break to speak further with Mr. Harrington, just let me
24 know.

25 Now, I'm going to ask you to please raise your right

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1 hand so that I can place you under oath.

2 (Defendant sworn)

3 THE COURT: Thank you. You are now under oath, and
4 that means if you answer any of my questions falsely, your
5 answers could be used against you in a prosecution for perjury.
6 Do you understand that?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: What's your full name?

9 THE DEFENDANT: David Paul Correia.

10 THE COURT: And how old are you?

11 THE DEFENDANT: 45 years old.

12 THE COURT: And how far did you go in school?

13 THE DEFENDANT: About three quarters of the way
14 through college.

15 THE COURT: And that was where? In the United States?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: And did you go to high school in the
18 United States?

19 THE DEFENDANT: I did.

20 THE COURT: All right. Have you ever been treated or
21 hospitalized for any mental illness?

22 THE DEFENDANT: Never.

23 THE COURT: And have you recently been or are you now
24 under the care of a psychiatrist or a doctor?

25 THE DEFENDANT: A doctor as a primary care and for

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1 gastrointestinal issues, but not a psychiatrist.

2 THE COURT: And have you ever been hospitalized or
3 treated for addiction to drugs or alcohol?

4 THE DEFENDANT: Never.

5 THE COURT: And in the past 24 hours, have you taken
6 any drugs or pills or had any alcohol?

7 THE DEFENDANT: No, your Honor.

8 THE COURT: And is your mind clear today?

9 THE DEFENDANT: Yes, it is, your Honor.

10 THE COURT: And you understand what's happening in
11 this proceeding?

12 THE DEFENDANT: Yes, sir.

13 THE COURT: And does either counsel have any doubt as
14 to defendant's competence to plead at this time?

15 Mr. Harrington?

16 MR. HARRINGTON: I don't, your Honor.

17 THE COURT: And Mr. Zolkind?

18 MR. ZOLKIND: No, your Honor.

19 THE COURT: Based on his responses to my questions and
20 his demeanor as I observe it, I do find that the defendant is
21 competent to enter a plea of guilty at this time.

22 Mr. Correia, have you had a sufficient opportunity to
23 discuss your case with your attorney, including the charges you
24 intend to plead guilty to, any possible defenses, and the
25 consequences of pleading guilty?

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1 THE DEFENDANT: Yes, your Honor.

2 THE COURT: And are you satisfied with your attorney's
3 representation of you?

4 THE DEFENDANT: Yes, your Honor.

5 THE COURT: I am now going to explain certain
6 constitutional rights that you have and that you give up when
7 you plead guilty. Under the Constitution and laws of the
8 United States, you have the right to a speedy and public trial
9 by a jury on the charges contained in the indictment. Do you
10 understand that?

11 THE DEFENDANT: Yes, Judge.

12 THE COURT: And at that trial, you would be presumed
13 innocent and the government would be required to prove you
14 guilty beyond a reasonable doubt before you could be found
15 guilty. You would not have the burden of proving that you were
16 innocent. A jury of 12 people would have to agree unanimously,
17 all 12 of them, that you were guilty beyond a reasonable doubt
18 before you could be convicted on these charges. Do you
19 understand that?

20 THE DEFENDANT: Yes, Judge.

21 THE COURT: At that trial and at every stage of your
22 case, you would be entitled to be represented by an attorney
23 and if you could not afford one, one would be appointed to
24 represent you. Do you understand that?

25 THE DEFENDANT: Yes, Judge.

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1 THE COURT: During a trial, the witnesses for the
2 government would have to come to court and testify in your
3 presence, and your lawyer would be able to cross-examine the
4 witnesses for the government, object to evidence offered by the
5 government, and offer evidence and compel witnesses to testify
6 in your defense. Do you understand that?

7 THE DEFENDANT: Yes, Judge.

8 THE COURT: At a trial, although you would have the
9 right to testify if you chose to, you would also have the right
10 not to testify, and no inference or suggestion of guilt could
11 be drawn from the fact that you did not testify if that is what
12 you chose. Do you understand that?

13 THE DEFENDANT: Yes, Judge.

14 THE COURT: If you were convicted at a trial, you
15 would also have the right to appeal that verdict to the Court
16 of Appeals. Do you understand that?

17 THE DEFENDANT: Yes, Judge.

18 THE COURT: Even at this time, as you're entering this
19 plea, you do have the right to change your mind, continue with
20 a not guilty plea, and have a trial on these charges. Do you
21 understand that?

22 THE DEFENDANT: Yes, Judge.

23 THE COURT: If you do plead guilty and I accept your
24 plea, you'll be giving up your right to a trial and the other
25 rights I've just described. Just to be clear, there will be no

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1 trial, but I will enter a judgment of guilty if I accept your
2 guilty plea, and then that becomes a conviction on these
3 charges, and then I will sentence you later, not today, but
4 only after considering any written submissions by the attorneys
5 in the case, including your attorney, as well as a presentence
6 report that the Probation Department will prepare, and then
7 sentence you after reviewing those documents. You understand?

8 THE DEFENDANT: Yes, Judge.

9 THE COURT: And if you plead guilty you'll have to
10 give up your right not to incriminate yourself, because I will
11 ask you about what you did to satisfy myself that you are in
12 fact guilty of these charges. Do you understand that?

13 THE DEFENDANT: Yes, Judge.

14 THE COURT: OK. So pursuant to the plea agreement,
15 you're pleading guilty to two counts, Count Two of the
16 superseding indictment, which is false statements to the
17 Federal Election Commission, in violation of 18 United States
18 Code § 1001(a)(2) and 18 U.S. Code § 2, and Count Seven of the
19 superseding indictment, which is conspiracy to commit wire
20 fraud, in violation of 18 United States Code § 1349.

21 Mr. Zolkind, you could please state the elements of
22 those two offenses.

23 MR. ZOLKIND: Yes, your Honor. As to Count Two, which
24 charges Correia with false statements in violation of 18 U.S.C.
25 § 1001(a)(3), there are three elements: first, that the

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1 defendant made or used a false writing or document that
2 contained a statement or entry that was false, fictitious, or
3 fraudulent; second, that the defendant acted knowingly and
4 willfully; and, third, that the false statement or entry was
5 material to a matter within the jurisdiction of a federal
6 government agency.

7 With respect to Count Seven, which charges Mr. Correia
8 with conspiracy to commit wire fraud in violation of 18 U.S.C.
9 § 1349, there are two elements: first, the existence of the
10 conspiracy, that is, the existence of any agreement or
11 understanding to commit the unlawful object of the conspiracy;
12 and, second, the government must prove that the defendant
13 knowingly became a member of the conspiracy, with intent to
14 further its illegal purpose -- that is, with the intent to
15 commit an object of the charged conspiracy, here, wire fraud.
16 The object of the conspiracy, wire fraud, has four elements:
17 first, that there was a scheme or artifice to deprive others of
18 money or property by false or fraudulent pretenses,
19 representations, or promises; second, that the false or
20 fraudulent representation or concealment must relate to a
21 material fact or matter; third, that the defendant knowingly
22 and willfully devised or participated in a scheme or artifice
23 to defraud, with knowledge of its fraudulent nature and with a
24 specific intent to defraud; and, four, that the scheme was
25 executed by using or causing others to use interstate or

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1 foreign wires.

2 THE COURT: Thank you. So those are the elements of
3 the two offenses. If this were going to trial, I would be
4 explaining to the jury that the jury must find each of those
5 elements beyond a reasonable doubt. Do you understand that,
6 Mr. Correia?

7 THE DEFENDANT: Yes, Judge.

8 THE COURT: All right. I also want to state what the
9 maximum statutory penalties are for these offenses. Now, this
10 is separate from the guidelines. The maximum statutory
11 penalties in this case are different from what the sentencing
12 guidelines are. The sentencing guidelines are the starting
13 point. And I'll get to that in a minute.

14 With respect to Count Two, however, the maximum
15 penalty under the statute is five years' imprisonment. There's
16 a maximum fine of \$250,000. There is a \$100 special
17 assessment, which is mandatory. And there is a maximum term of
18 supervised release for three years.

19 And when I say "supervised release," that means that
20 you're subject to monitoring for a period of time after release
21 from any period of imprisonment, essentially like probation,
22 and there are terms and conditions of supervised release that
23 you must comply with during that period, and if you fail to
24 comply with them, you can be returned to prison without a jury
25 trial.

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1 And with respect to Count Seven, which is conspiracy
2 to commit wire fraud, there is a maximum term of 20 years'
3 imprisonment. There's a maximum fine of the greatest of
4 \$250,000, or twice the gross pecuniary gain from the offense,
5 or twice the gross pecuniary loss to others from the offense,
6 and a \$100 special assessment, and again a maximum term of
7 supervised release for a period of three years.

8 In addition, as part of your plea agreement, you admit
9 to the forfeiture allegation with respect to Count Seven and
10 agree to forfeit to the United States the amount of \$43,650,
11 representing proceeds traceable to that offense. And you agree
12 to make restitution to victims as stated in the plea agreement
13 in the total amount of \$2,322,500. Again, that's \$2,322,500.

14 Are you a United States citizen?

15 THE DEFENDANT: Yes, your Honor.

16 THE COURT: OK. I also want to explain that if anyone
17 has attempted to predict or promise you or suggest to you what
18 your sentence is going to be, no one can assure you of that,
19 because I am the one who's going to determine your sentence,
20 not now but at the time of sentencing, after reviewing the
21 documents I mentioned. I'm going to wait until a presentence
22 report is prepared and I've reviewed any written documents,
23 submissions by your lawyer and the government's lawyer, and
24 determine an appropriate sentence for you under all the factors
25 and the applicable statute, including the guidelines but not

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1 limited to the sentencing guidelines. And even if your
2 sentence is different from what you expect or what anyone has
3 told you it might be, you will still be bound by your guilty
4 plea and will not be allowed to withdraw your plea of guilty to
5 these counts. Do you understand that?

6 THE DEFENDANT: Yes, your Honor.

7 THE COURT: Has anyone threatened you or forced you in
8 any way to plead guilty?

9 THE DEFENDANT: No, your Honor.

10 THE COURT: And did you enter into a plea agreement
11 with the government?

12 THE DEFENDANT: I did, your Honor.

13 THE COURT: I have a copy of an agreement with a cover
14 date of October 27th of this year, and it appears to have a
15 signature on it, as well as Mr. Harrington and Mr. Zolkind.
16 Did you review it fully -- well, first of all, did you sign it?

17 THE DEFENDANT: I did.

18 THE COURT: And did you review it fully and discuss it
19 with Mr. Harrington before you signed it?

20 THE DEFENDANT: I did, your Honor.

21 THE COURT: And do you feel you understand everything
22 that's in that plea agreement?

23 THE DEFENDANT: I do, your Honor.

24 THE COURT: Do you have any separate -- well, other
25 than the stipulation and the preliminary order of forfeiture,

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1 do you have any separate understanding that's been left out of
2 that agreement?

3 THE DEFENDANT: No. No, your Honor.

4 THE COURT: OK. Again, I mentioned that the
5 sentencing guidelines are advisory. There is no mandatory
6 minimum statutory sentence in this case. But the sentencing
7 guidelines are a benchmark, and legally I am required to
8 consider them when determining an appropriate sentence. And
9 under the plea agreement, there's a stipulated guideline range
10 that is an agreed-upon guideline range between you and the
11 government of 33 months' to 41 months' imprisonment, and a
12 guideline fine range of \$15,000 to \$150,000 as a fine. Now,
13 again, that's not binding and your lawyer will be able to argue
14 for a different sentence. However, that is the starting point.
15 Also, I will make my own calculation of the guidelines, so if I
16 come up with a different guideline range, that stipulated range
17 is not binding on me, but it's binding on the parties. Do you
18 understand that?

19 THE DEFENDANT: Yes, your Honor.

20 THE COURT: And although your lawyer will be able to
21 argue for a sentence outside that guideline range, below it
22 presumably, I want to make sure you understand that you're
23 giving up your right to appeal or challenge your sentence under
24 the plea agreement as long as I sentence you within or below
25 that range, that is, 41 months or less in prison. Do you

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1 understand that?

2 THE DEFENDANT: Yes, your Honor.

3 THE COURT: And having gone through this
4 back-and-forth, do you still wish to plead guilty to Counts Two
5 and Seven pursuant to this agreement?

6 THE DEFENDANT: Yes, your Honor, I do.

7 THE COURT: And are you pleading guilty voluntarily
8 and of your own free will?

9 THE DEFENDANT: Yes, your Honor.

10 THE COURT: Would you please tell me in your own words
11 what you did that makes you believe you are guilty of these
12 charges.

13 THE DEFENDANT: Sure. And if I may, I prepared
14 something regarding the first -- second count regarding the
15 FEC.

16 In October of to 18, I swore that a declaration to the
17 FEC was collect, even though it says things that are not
18 correct. I knew the declaration said things that were probably
19 false, but I did not ask about them at the time. I just wanted
20 the FEC to end its investigation, which I believed was
21 unwarranted. I knew that this was wrong at the time I did it.

22
23 THE COURT: You said you believe or believed it was
24 unwarranted?

25 THE DEFENDANT: Believed at the time it was

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1 unwarranted.

2 THE COURT: OK.

3 THE DEFENDANT: The investigation itself.

4 THE COURT: OK. And did the statements that were
5 false, were they things that would have been important,
6 material to the FEC?7 THE DEFENDANT: I was under the impression that
8 everything that was being stated in that affidavit was
9 important to the FEC.10 THE COURT: OK. And let me ask Mr. Zolkind and
11 Mr. Harrington if you believe that's a sufficient factual basis
12 for the plea to Count Two.13 MR. HARRINGTON: This is Mr. Harrington. I do, your
14 Honor.15 MR. ZOLKIND: And for the government, we agree that
16 it's sufficient as to Count Two, your Honor.

17 THE COURT: OK. Thank you.

18 And what about Count Seven, Mr. Correia?

19 THE DEFENDANT: Yes, Judge. Between 2012 and 2019, I
20 agreed with another person to give potential investors
21 incorrect information about the financials of a start-up
22 project called Fraud Guarantee. And this was because I wanted
23 the investors to participate in what I believed was a great
24 project. I knew this was wrong at the time that it was done.

25 THE COURT: Did you say you agreed with others to do

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1 this?

2 THE DEFENDANT: Yes.

3 THE COURT: All right. And did you know that it was
4 wrong at the time?

5 THE DEFENDANT: Yes, your Honor.

6 THE COURT: Counsel, do you believe there is any
7 additional questioning needed, or do you think that's a
8 sufficient factual basis for the guilty plea to Count Seven?

9 MR. ZOLKIND: Your Honor, I think it's sufficient.

10 The one additional point that may just be worth confirming is
11 that the defendant knew that the scheme would be carried out
12 through wires such as emails, phone calls, or wire transfers,
13 interstate wires.14 THE COURT: OK. Mr. Correia, did you understand that
15 emails and/or phone calls would be used to carry out the
16 scheme?17 THE DEFENDANT: They were in fact used. I don't know
18 that I understand the question completely, whether I knew prior
19 to.20 THE COURT: Well, no. While it was happening, you
21 understood that you were using emails and phone calls for it?22 THE DEFENDANT: I was aware that that was the way I
23 was communicating, absolutely.24 THE COURT: OK. All right. Anything else,
25 Mr. Zolkind?

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1 MR. ZOLKIND: No, your Honor.

2 THE COURT: And Mr. Harrington, do you believe there
3 is a sufficient factual basis for the plea?

4 MR. HARRINGTON: I do, your Honor.

5 THE COURT: All right. Is there anything that either
6 party, either counsel would like to raise in terms of
7 additional questioning or additional proffer or additional
8 background you'd like me to highlight before accepting the
9 plea?

10 MR. ZOLKIND: Well, your Honor, I'd be prepared to
11 offer a proffer on behalf of the government as to what we would
12 prove if the case were to go to trial.

13 THE COURT: OK. You can do that.

14 MR. ZOLKIND: OK. Your Honor, at trial the government
15 would prove at least the following beyond a reasonable doubt,
16 through witness testimony, emails, bank records, and other
17 evidence, including the defendant's sworn statement to the FEC.
18 So with respect to Count Two, the false statements count, the
19 government would prove the following, at least the following:
20 In or about May of 2018, Lev Parnas and Igor Fruman made a
21 \$325,000 contribution to a super PAC called America First
22 Action, Incorporated. Parnas and Fruman caused the donation to
23 be played in the name of Global Energy Producers, or GEP. GEP
24 was a company that Parnas and Fruman had recently formed and
25 which Mr. Correia was helping them to get off the ground but

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1 which was in the very early days of being developed. At the
2 time of the donation, GEP had no operations or even any bank
3 account. The \$325,000 donation did not come from any source of
4 funds held by GEP. Rather, it came from a mortgage that was
5 taken out on a property owned by Fruman, which funds had been
6 transferred to an account held by Parnas and which Parnas then
7 transferred to America First Action.

8 In or about July of 2018, a complaint was filed with
9 the Federal Election Commission, or the FEC, claiming that this
10 donation violated certain provisions of the Federal Election
11 Campaign Act, including the prohibition on so-called "straw
12 donations," or donations made in the name of another person,
13 here, GEP.

14 In or about October 2018, GEP, Parnas, and Fruman
15 submitted a response to the FEC. Part of that response
16 included an affidavit from David Correia in his capacity as
17 director of operations for GEP. The affidavit falsely depicted
18 GEP as a well-funded operational energy company, including
19 falsely claiming that GEP was funded with "substantial bona
20 fide capital investment," that the \$325,000 donation "was made
21 with GEP funds," and that GEP had spent more than \$1 million
22 pursuing "numerous opportunities to expand our operations."
23 The government would prove that Correia knew these statements
24 were false based on his personal involvement in GEP's affairs,
25 including in the lending transaction that provided the funds

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1 for the \$325 donation.

2 In the affidavit, Mr. Correia also made false
3 statements about his company, Fraud Guarantee, claiming that it
4 "provides various risk management tools for investors"
5 including "both insurance product and mechanisms for conducting
6 pre-investment due diligence." In fact Fraud Guarantee had no
7 operations and offered no insurance product whatsoever.
8 Correia knew this statement was false because he owned and ran
9 Fraud Guarantee along with Mr. Parnas.

10 The government would further prove that the FEC is a
11 federal agency and that Mr. Correia's false statements were
12 material to a matter within the FEC's jurisdiction.

13 With respect to venue, the government would prove that
14 this affidavit was prepared and submitted by Mr. Correia's
15 counsel in Manhattan.

16 Now, with respect to Count Seven, which is the Fraud
17 Guarantee wire fraud conspiracy, the government would prove at
18 least the following: that in or about late 2012, Mr. Correia
19 and Mr. Parnas started a company known as Fraud Guarantee. The
20 goal of the company was to provide insurance to protect
21 investors in the event they were defrauded, as well as
22 providing certain other services and tools to protect
23 investors. By mid 2019, more than six years later, the company
24 had not become operational. At no point did Fraud Guarantee
25 ever bring insurance products to market. Nor did it ever have

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1 any customers.

2 Between 2012 and 2019, Mr. Parnas and Mr. Correia
3 solicited numerous individuals to invest in Fraud Guarantee.
4 At least seven individuals agreed to invest. Each of the
5 investors paid between approximately \$200,000 and \$500,000 to
6 consummate their investments. Mr. Parnas and Mr. Correia
7 induced these victims to invest in Fraud Guarantee based on
8 materially false and misleading claims about the company. They
9 told these victims that the victims' money would be used
10 exclusively for the legitimate business expenses of Fraud
11 Guarantee. They said that none of the money would go to
12 Mr. Parnas or Mr. Correia personally, only to the company
13 itself. This was false. The majority of investor funds were
14 withdrawn as cash or transferred to personal accounts of
15 Mr. Parnas or Mr. Correia or their family members, and were
16 spent on personal expenditures, such as Mr. Parnas's rent,
17 luxury cars, and retail stores.

18 Mr. Parnas and Mr. Correia also made false statements
19 about how much money the company had raised overall and about
20 how much money Mr. Parnas had personally invested in the
21 company. They led victims to believe that the company had
22 raised millions of dollars, including from Mr. Parnas himself,
23 when in fact the company had raised virtually no money,
24 Mr. Parnas had contributed essentially none of his own money.

25 The government would prove that this scheme was

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1 carried out through interstate wires, including emails, phone
2 calls, and wire transfers. And we would also prove that
3 multiple meetings were held in Manhattan in furtherance of the
4 conspiracy.

5 THE COURT: OK. That was a factual proffer of what
6 the government would prove as to these counts as trial.
7 Mr. Harrington, is there any response you would like to make or
8 anything you would like to add, in terms of any -- anything
9 regarding the matter?

10 MR. HARRINGTON: No. Well, your Honor, there's one
11 small thing. It's really more relevant to sentencing, but I
12 just don't want Court to be left with an incorrect impression
13 now. Mr. Zolkind made a reference to the majority of the funds
14 being withdrawn and used for personal uses. And as we'll
15 explain at sentencing, Mr. Correia got very little of that
16 money. And I just don't want there to be an incorrect
17 impression left today that he got a majority of the funds. The
18 reason why the forfeiture amount is as low as it is is because
19 he got very little money and was actually working on the
20 project. And so I'm not disputing the overall tenor of what
21 Mr. Zolkind said, but I do think it's worth mentioning that.

22 THE COURT: OK. Thank you.

23 Anything you want to add -- OK. And anything you
24 wanted to add, Mr. Zolkind?

25 MR. ZOLKIND: No, your Honor.

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1 THE COURT: OK. Thank you.

2 You mentioned the forfeiture order. I do have a copy
3 of a preliminary -- consent preliminary order of forfeiture,
4 which, as I mentioned, indicates the defendant agrees to a
5 money judgment in the amount of \$43,650. And I just want to
6 confirm, Mr. Correia, you did sign this document as well?

7 I think you're muted.

8 THE DEFENDANT: Yes, your Honor, I did. I'm sorry.

9 THE COURT: OK. And Mr. Harrington, you did as well?

10 MR. HARRINGTON: I did, your Honor.

11 THE COURT: OK. I'm signing the consent preliminary
12 order of forfeiture.

13 And with respect to the guilty plea, Mr. Correia,
14 since you acknowledge that you are in fact guilty as charged in
15 Counts Two and Seven of the superseding indictment and since I
16 am satisfied that you know and understand your rights,
17 including your right to go to trial, and that you are aware of
18 the consequences of your plea, including the sentence that may
19 be imposed, I find you are voluntarily pleading guilty to these
20 counts, and I hereby accept your guilty plea and enter a
21 judgment of guilty on those counts.

22 Now, we'll turn to sentencing. As I mentioned, the
23 Probation Department will be in touch with Mr. Harrington to
24 arrange a meeting for the purposes of the probation officer
25 preparing the presentence report, which has a lot of

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1 information, not only about this offense but about you,
2 Mr. Correia, your background, your family, etc. And I read it
3 very closely before determining an appropriate sentence. So
4 please make sure that anything you do speak to the probation
5 officer about for that is honest and accurate.

6 In terms of timing, the normal period of timing is
7 about a hundred days for the Probation Department to prepare a
8 draft of the report, for you all to see a copy and note any
9 objections. So that would put us in February. I have February
10 12. But if the parties would prefer a different date, I'm
11 happy to hear alternative dates.

12 MR. ZOLKIND: February 12th would work for --

13 MR. HARRINGTON: Your Honor, I thought they could
14 sometimes do the 90 days. We were thinking maybe the first,
15 like a little earlier in February. I don't know if that's
16 possible, if you think that's too tight.

17 THE COURT: I think it probably is possible.

18 Mr. Zolkind, do you have any preference either way?

19 MR. ZOLKIND: No, your Honor.

20 THE COURT: So, Mr. Harrington, what were you
21 thinking? I mean, I'm happy to do it a day that's convenient
22 for you all.

23 MR. HARRINGTON: We had been thinking the very first
24 week in February, but if your Honor thinks that's too tight,
25 maybe Monday, February 8th.

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1 THE COURT: February 8th is fine.

2 Is that all right, Mr. Correia?

3 THE DEFENDANT: That's fine with me, Judge.

4 THE COURT: And that's OK, Mr. Zolkind?

5 MR. ZOLKIND: Yes, your Honor.

6 THE COURT: OK. Why don't we say February 8, 2021, at
7 11:30 a.m. That's all right, Mr. Harrington?

8 MR. HARRINGTON: Yes. Thank you, your Honor.

9 THE COURT: All right. Sentencing is set for February
10 8, 2021, at 11:30 a.m.

11 And any written submissions will be due two weeks
12 before that for the defendant, which is January 25th, and the
13 government's written submission will be due one week before
14 sentencing, which is February 1st.

15 And I assume there's no objection to the present
16 conditions of release on bail continued to the date of
17 sentence, Mr. Zolkind?

18 MR. ZOLKIND: No objection, your Honor.

19 THE COURT: All right. Mr. Correia, all the
20 conditions of your pretrial release will continue to the date
21 of sentencing, so please make sure you continue to comply with
22 those conditions.

23 And is there anything further, from the government?

24 MR. ZOLKIND: Yes, your Honor. Two matters. One, I
25 just wanted to put on the record that the plea agreement

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1 includes a stipulation that the defendant and defense counsel
2 have signed, as has the government, pursuant to which the
3 defendant has agreed to withdraw the petition for a writ of
4 mandamus and motion for a stay. That we filed, which is
5 currently pending in the Second Circuit, and so we understand
6 that he is going to do that directly after this proceeding. So
7 I just wanted to put that on the record.

8 And then the second matter is that we wanted to
9 request -- and I understand that we have the defendant's
10 consent for this request -- request that the plea agreement be
11 filed under seal to the extent that it will -- because it makes
12 reference to the names of victims. And we would propose to
13 redact those names and have the public version of the plea
14 agreement have the victim names redacted.

15 THE COURT: OK. I don't normally put plea agreements
16 on the docket. I mean, our district's general practice is not
17 to do that. This is not a cooperation agreement; however, if
18 we put every plea agreement that wasn't a cooperation agreement
19 on the docket, that would lead to the perverse result of people
20 figuring out who was a cooperator. So -- but if you have a
21 different view, you can argue for it.

22 MR. ZOLKIND: No, your Honor. And we're not proposing
23 to file this on the public docket either. My understanding is
24 that when requests from the public come in for the plea
25 agreement, for example, a request from members of the press,

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1 our office typically takes the position that those are public
2 documents and so do need to be provided to members of the
3 public. At least I understand that's the position that we
4 often take. And so to the extent that requests for the plea
5 agreement come in, in this case, we're requesting to have the
6 public version include redactions in lieu of the victim names.

7 THE COURT: OK.

8 Mr. Harrington, anything to add on that?

9 MR. HARRINGTON: No, your Honor.

10 THE COURT: All right. That request is granted.

11 MR. ZOLKIND: Your Honor, I suppose I should make
12 clear, that's our practice when a plea agreement has been
13 marked as a court exhibit during a plea. I don't recall if the
14 Court did that here, but I know that that is often what happens
15 during a plea proceeding.

16 THE COURT: OK. I don't typically mark as a court
17 exhibit -- but if I decide to, it will be redacted, and the
18 original will be filed under seal.

19 MR. ZOLKIND: OK. Thank you, your Honor.

20 THE COURT: OK. Anything further from the government?

21 MR. ZOLKIND: Nothing further.

22 THE COURT: And anything further from defense counsel?

23 MR. HARRINGTON: No, your Honor.

24 THE COURT: All right. Thank you all.

25 This matter is adjourned.

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1 (Adjourned)
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